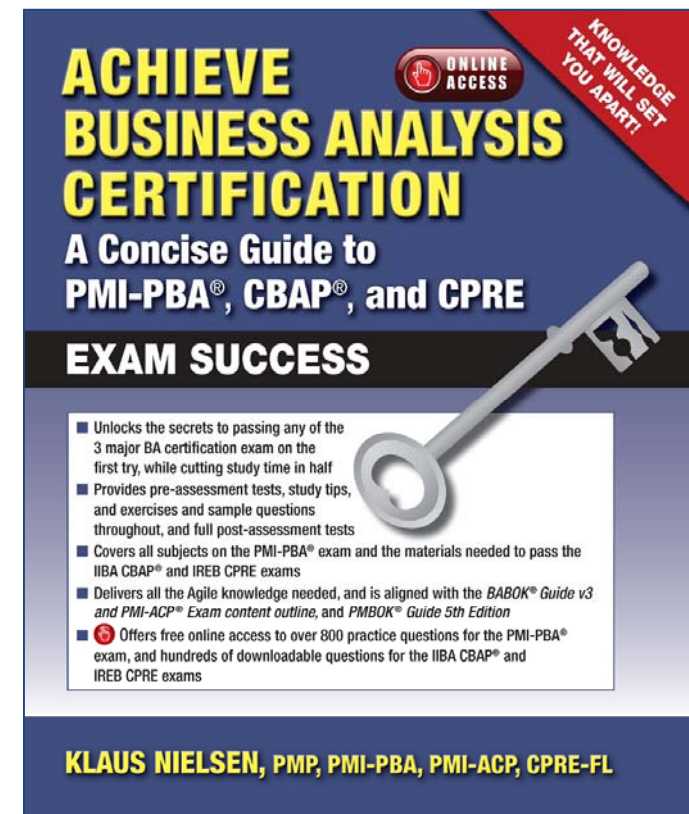# Chapter 5: Needs Assessment

1

ACHIEVE BUSINESS

ANALYSIS CERTIFICATION

A Concise Guide to PMI-PBA®,

CBAP®, and CPRE

By Klaus Nielsen

Pretest Content

Key Concepts

- Identifying stakeholders
- Identifying stakeholder's techniques
- Stakeholder register
- Analyzing stakeholders
- Analyzing stakeholder's techniques
- Responsible, accountable, consulted, and informed (RACI) and Responsibility Assignment Matrix (RAM)
- Stakeholder salience

- Investigating problems and opportunities
- Conducting current state assessment
- Scope
- Business Case
- Project Charter
- Analytical techniques
- Business value
- Value proposition
- Project goals

Needs Assessment **Definition**

PMI defines the needs assessment domain as,

"the activities related to understanding a business problem or opportunity and evaluating various inputs to help develop an effective solution "

Why Perform Needs Assessments?

Examine business environment

Address current problems

Identify business opportunities

Process requested by stakeholder, mandated by internal methodology, change in external factors during the project, or recommend by the business analyst

Conducted prior to program or project works begin

Involves conducting a GAP – analysis

The result is the development of the business case

Bypassing may result in an insufficient understanding of the business needs. The result may be a solution that fails to solve the business needs.

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By Klaus Nielsen

Needs Assessment

Business Analysis for Practitioners (2015) illustrates the needs assessment as the following steps:

- Identify problem or opportunity
- Assess current state of the organization
- Recommend action to address business needs
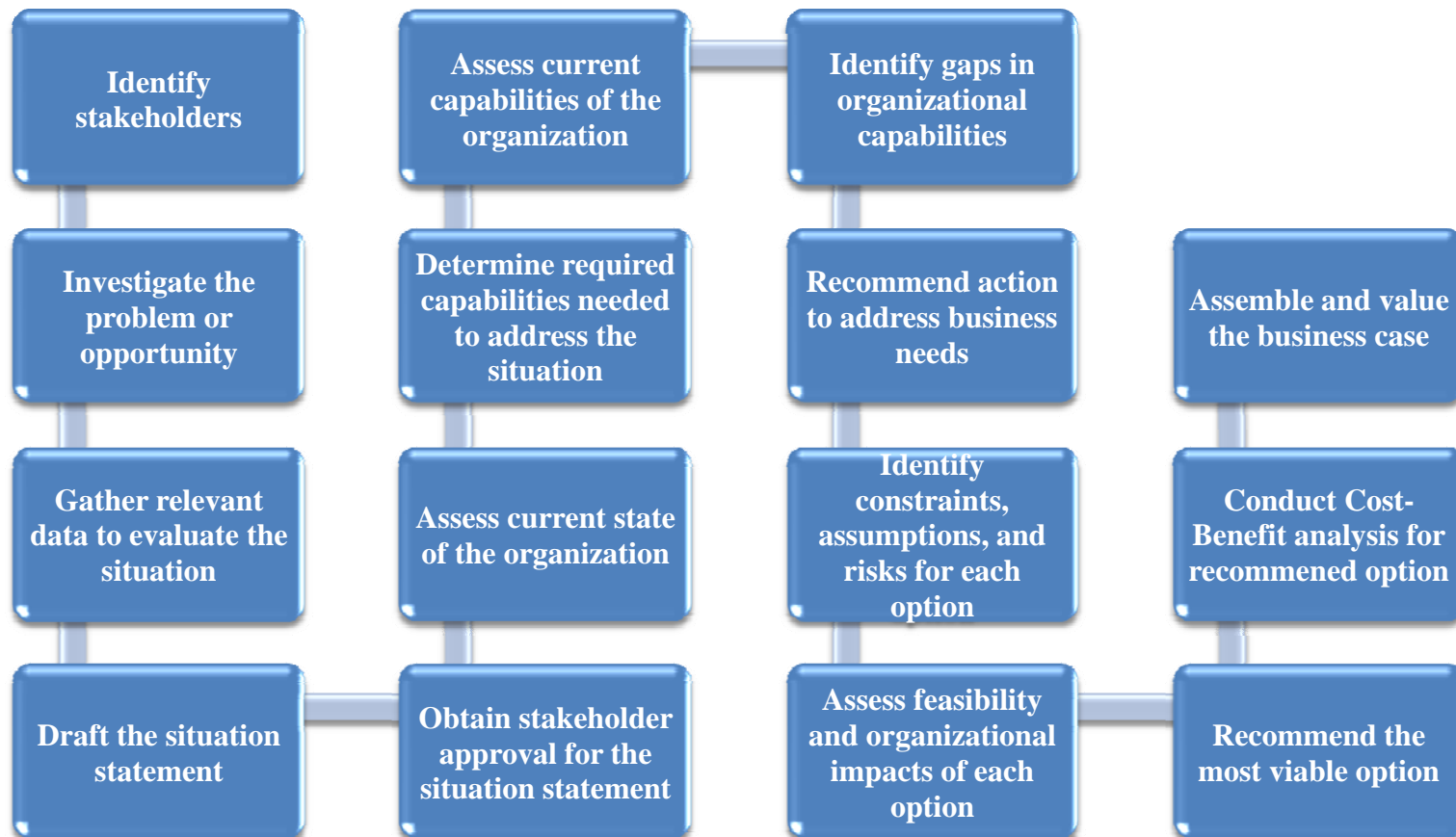- Assemble the business case

Need Assessment

Figure 5.1 Needs assessment

Needs Assessment

Identify stakeholders	**Assess current capabilities of the organization**	**Identify gaps in organizational capabilities**	
Investigate the problem or opportunity	**Determine required capabilities needed to address the situation**	**Recommend action to address business needs**	**Assemble and value the business case**
Gather relevant data to evaluate the situation	**Assess current state of the organization**	**Identify constraints, assumptions, and risks for each option**	**Conduct Cost-Benefit analysis for recommened option**
Draft the situation statement	**Obtain stakeholder approval for the situation statement**	**Assess feasibility and organizational impacts of each option**	**Recommend the most viable option**

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Identify Stakeholders

A stakeholder is defined as, *"an individual, group, or organization who may affect, be affected by, or perceive itself to be affected by a decision, activity, or outcome of a project"* PMI (2014)

Techniques for Identifying Stakeholders

Table 5.20 Techniques for identifying stakeholders

Technique	Description
Brainstorming	Brainstorming is a creative technique by which group or individual efforts are made to find stakeholders by gathering a list of possible stakeholders spontaneously contributed by its member(s).
Brain writing	A written form of brainstorming where each participant writes one stakeholder on a piece of paper before passing it on.
Interviews	One-on-one interviews (i.e., ask your sponsor)
SWOT analysis	Strengths, weaknesses, opportunities, and threats
PEST/PESTLE	Political, economic, social, and technological analysis (legal and environmental)
Pre-mortem	The team imagines that a project has failed or succeeded, and then works backward to determine what stakeholders could lead to the success or failure of the project.
Change of perspective—Edward de Bono: Six Thinking Hats (see Table 5.21)	Sequence of methods for the identification of stakeholders Clarification of the situation Putting on the white hat to collect facts and figures relevant to the topic (flipchart, Post-its on pin wall) Putting on the black hat (e.g., to identify stakeholders)
Analogy	Comparison with similar projects Documentation analysis and prior business analyst experience
Organization chart	Examine the organization chart for relevant stakeholders
Onion model	See Figure 5.7
Analyzing the context of the project	Covered in the next chapter

Determine Stakeholders Characteristics

Attitude	Complexity
Culture	Experience
Level of influence	Location and availbility

Refine the Stakeholder Analysis

Stakeholder analysis is defined as: "*A technique of systematically gathering and analyzing quantitative and qualitative information to determine whose interests should be taken into account throughout the project.*"

Techniques for Analyzing Stakeholders

Stakeholders' value	Stakeholders' need	Stakeholders' interest	Stakeholders' contribution	Stakeholders' supporter and opponents
Stakeholder salience	How stakeholders interact	Power/interest grid	Extended power/ interest grid	Stakeholder influence diagram
Water drop model	Onion models/ diagram	CATWOE	VOCATE	PARADE
Business activity modeling (BAM)	Responsibility ssignment matrix (RAM)	RACI	Outline your stakeholders' personalities	Stakeholders learning style or personas

Political and Cultural Awareness

With an ever increasing global environment setting new standards, the business analyst's interpersonal skills, and political and cultural awareness are more important than ever.

Teams can be scattered across the globe in different time zones, and cultural diversity is ever growing due to the search for competitive advantages.
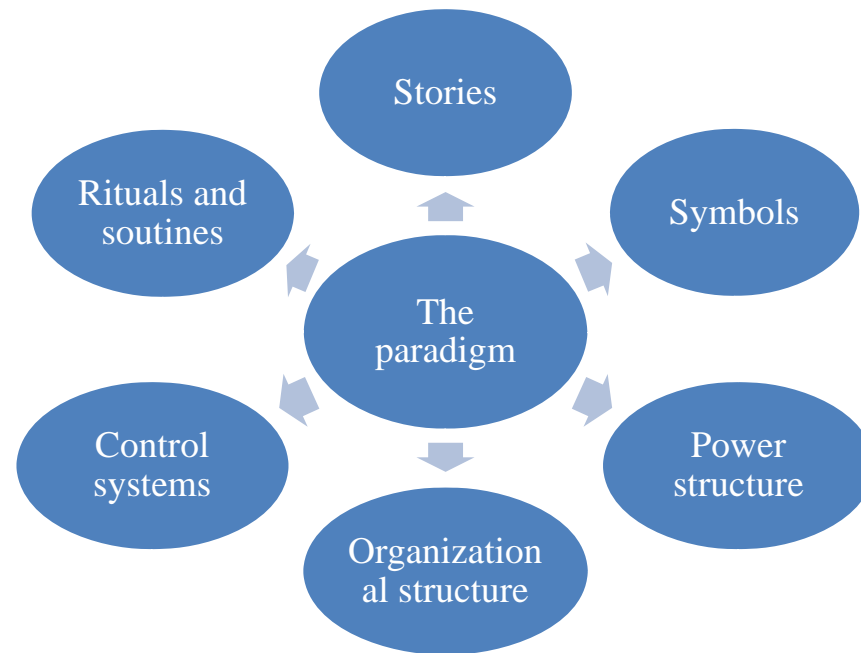
Example: Using the RACI Techique for Assessing Business Needs

	Sponsor	Product Manager	Business Analyst	Project Manager
Identify the problem or opportunity	A	C	R	
Assess the current state	A	I	R	
Recommend action	I	A	R	C

R=Responsible; **A**=Accountable; **C**=Consulted; and **I**= Informed statuses to define the involvement of stakeholders in project activities

Investigate the Problem or Opportunity

Questions	Where to Document the Answer
Major problems	Pareto
Why does the problem occur	Cause effect
Cost to the business	Value proposition
Features customers want	Cause effect
Risk involved	Risk analysis

Gather Relevant Data
to Evaluate the Situation

Cycle time for a business process	Amount of money lost per transaction	Website visitors	Potential increase in sale	Market size
Competitive analysis	Business plan	Strategic plan	Marketing plan	Business rules procedures
Process flow charts	Enterprise architecture	Job descriptions	Trouble shooting documents	Financial report
	Business case	Business needs		

Draft the Situation Statement

Once the problem or opportunity is understood, the business analyst drafts the situation statement by documenting the needs to be solved, or opportunities to be explored.

The situation statement uses the following format:

Problem or Opportunity "A", has the effect on "B", with the impact of "C"

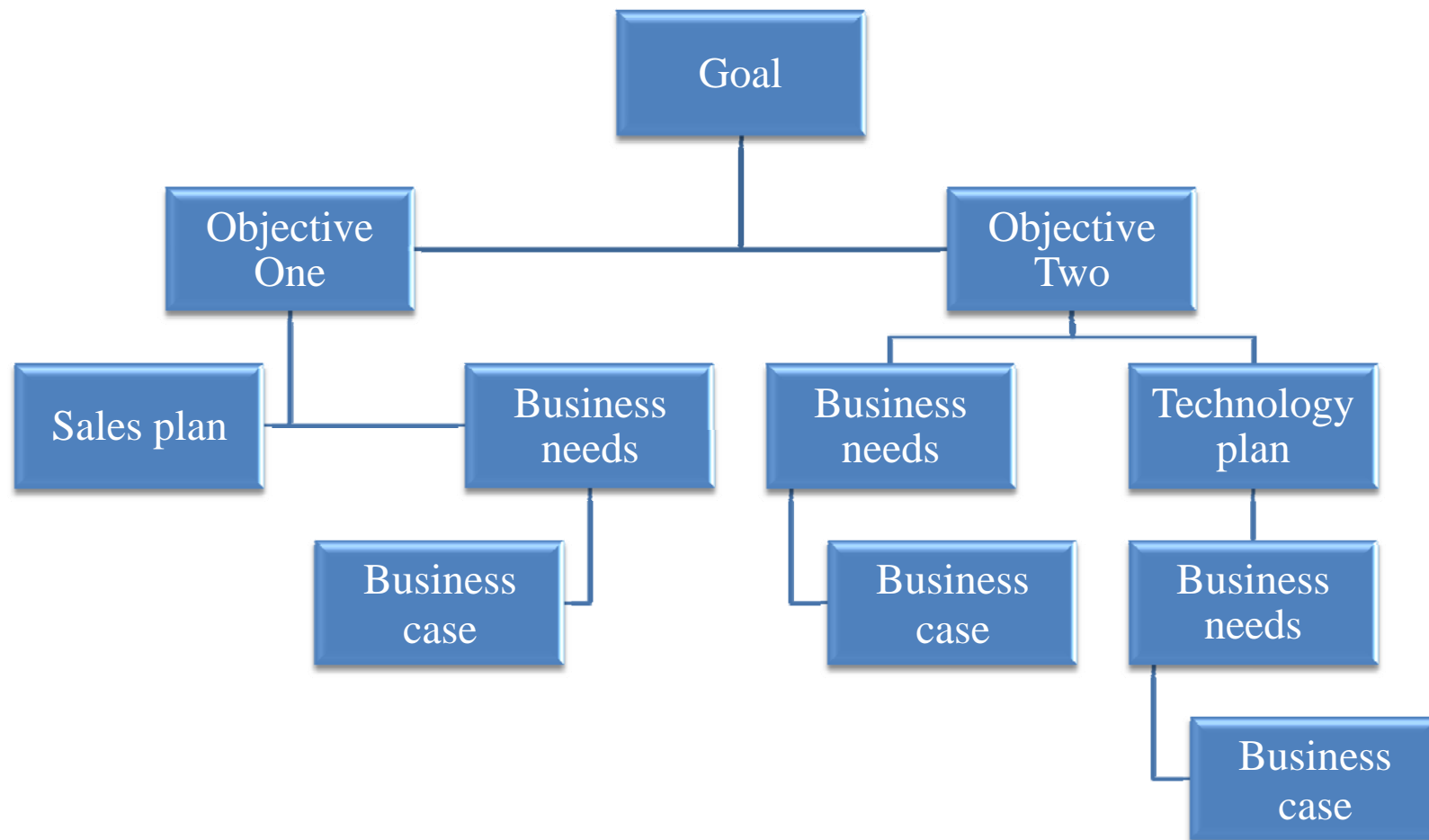# Obtain Stakeholder Approval for the Situation Statement

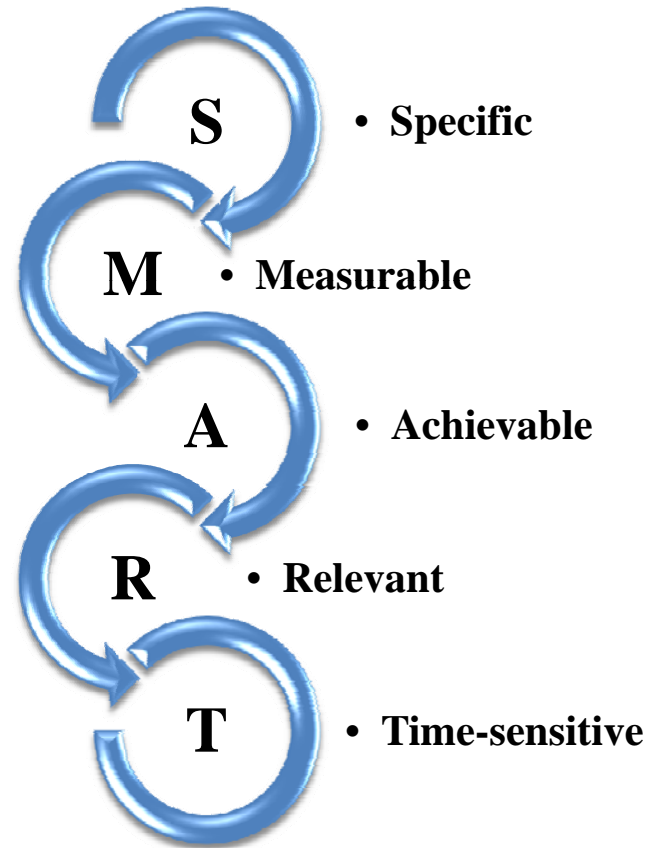Business stakeholders ensure/approve

that the current situation has been captured

Informal approval process

Formal approval process
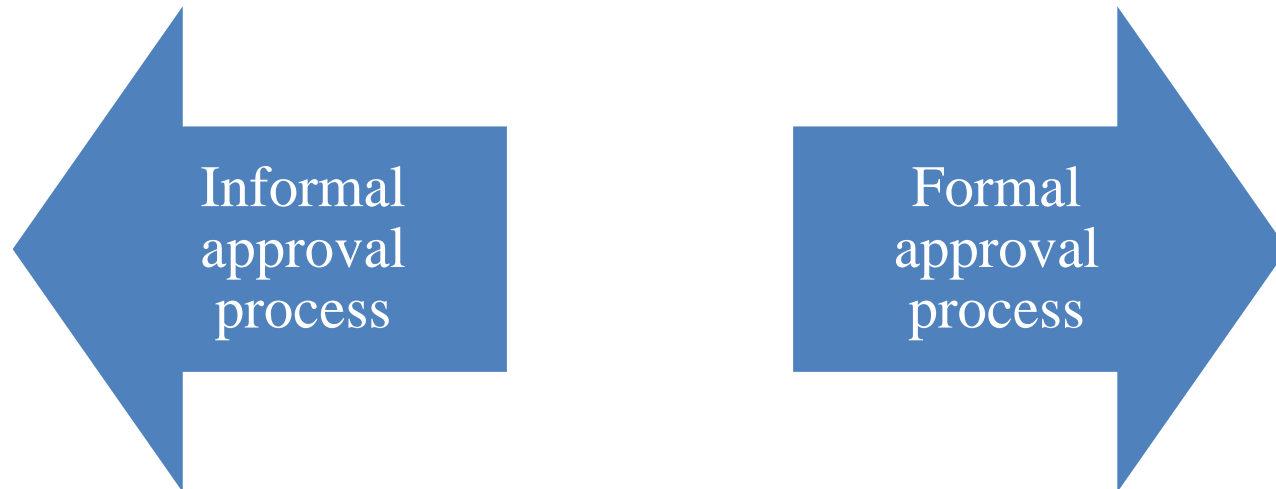
Assess Current State of the Organization— Goals and Objectives

SMART Goals and Objectives

S • **Specific**

M • **Measurable**

A • **Achievable**

R • **Relevant**

T • **Time-sensitive**

High Level and Important Aspects for Discussion with Key Stakeholders

Strengths | Weaknesses

SWOT

Opportunities | Threats
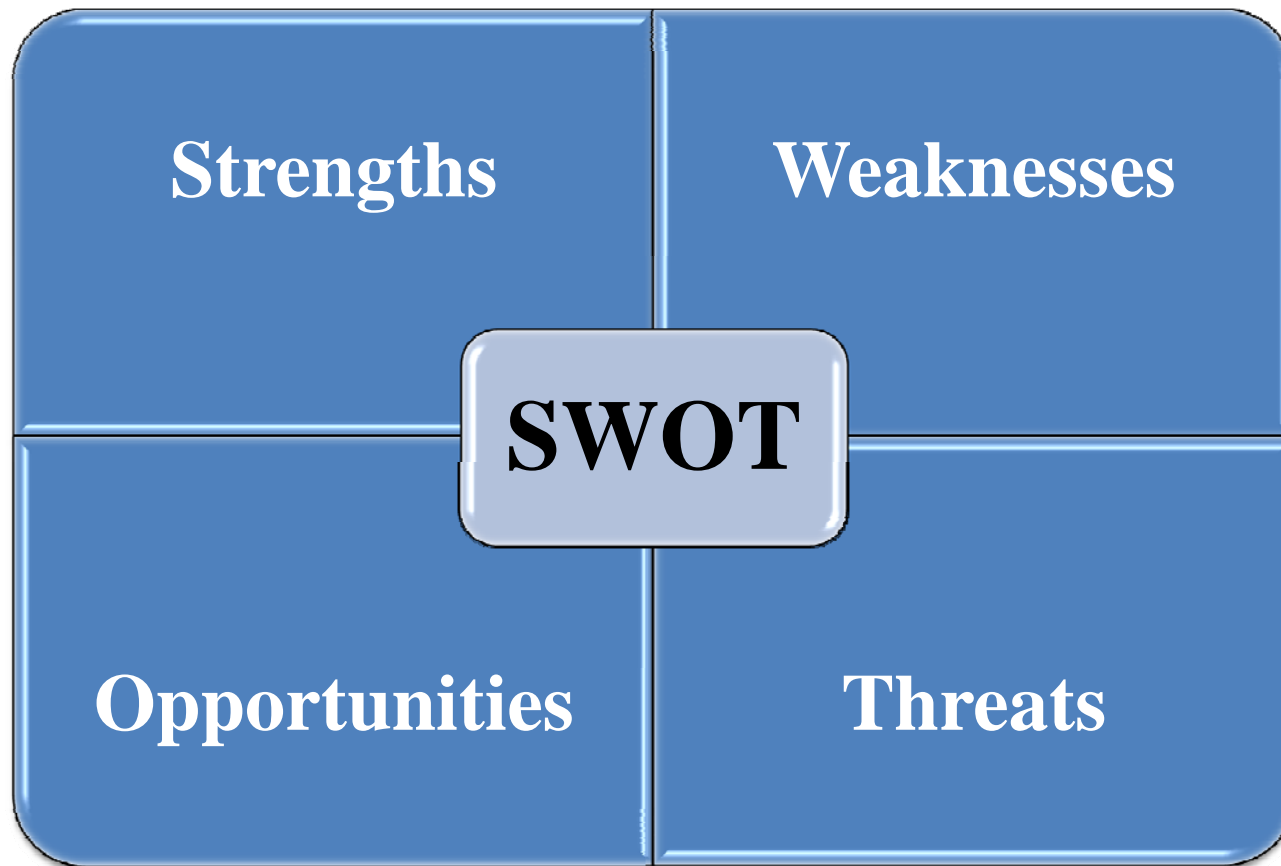
Breaking Down the Problem

Problem solving and opportunity identification tools and techniques

Perform Root Cause Analysis on the Situation	Root Cause
	Five Whys
	Cause/Effect diagram
	Fishbone diagram
	Interrelationship diagram
	Process flow

Determine the Required Capabilities Needed to Address the Situation

Capability table

Affinity diagram

Benchmarking
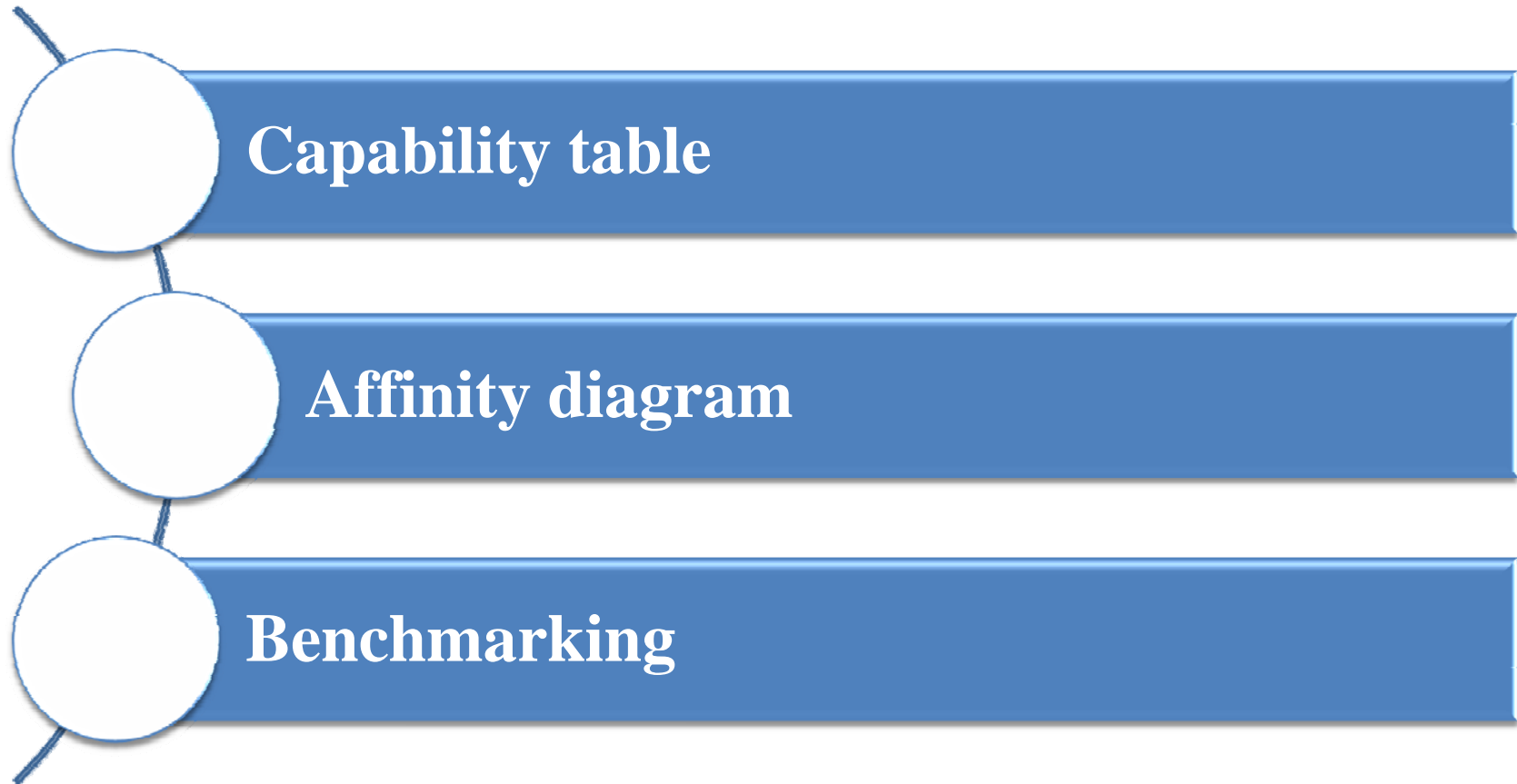
Assess the Oganization's Current Capabilities

Process flow

Enterprise and business architecture

Capabilities frameworks
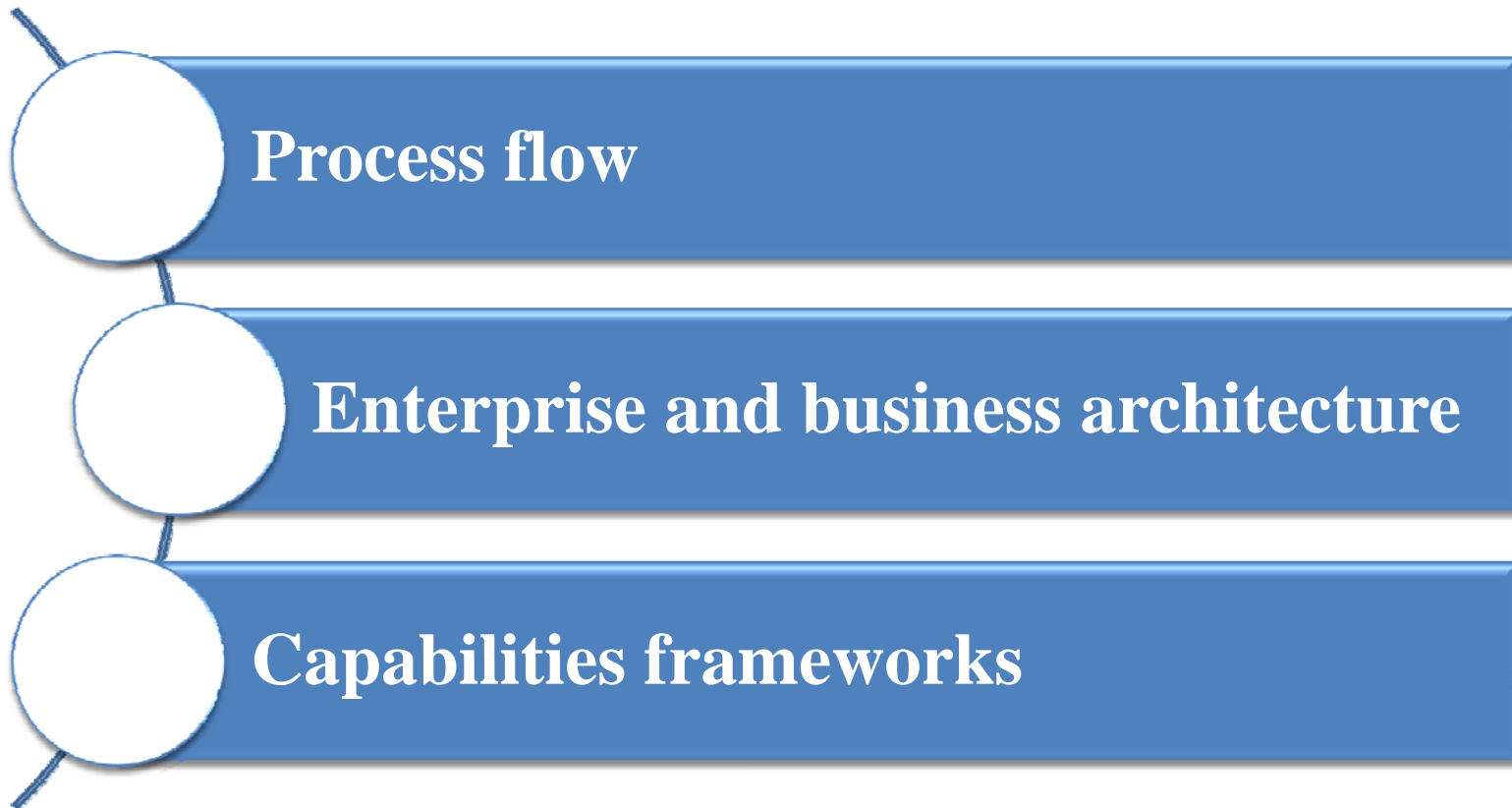
Identify Gaps in Organizational Capabilities

| Problem	Root Cause	New Capability	Project Deliverables to Fill the Gap
Reports Delayed	Paper based workflow	IT workflow	IT system to manage reports
	Few agents at work	Train more agents	Update training programs
		More agents at work	

Recommended Action for Addressing Business Needs

- Include a high level approach for adding capabilities

- Provide an alternative for satisfying business needs

Identify Constraints, Assumptions, & Risks for Each Option
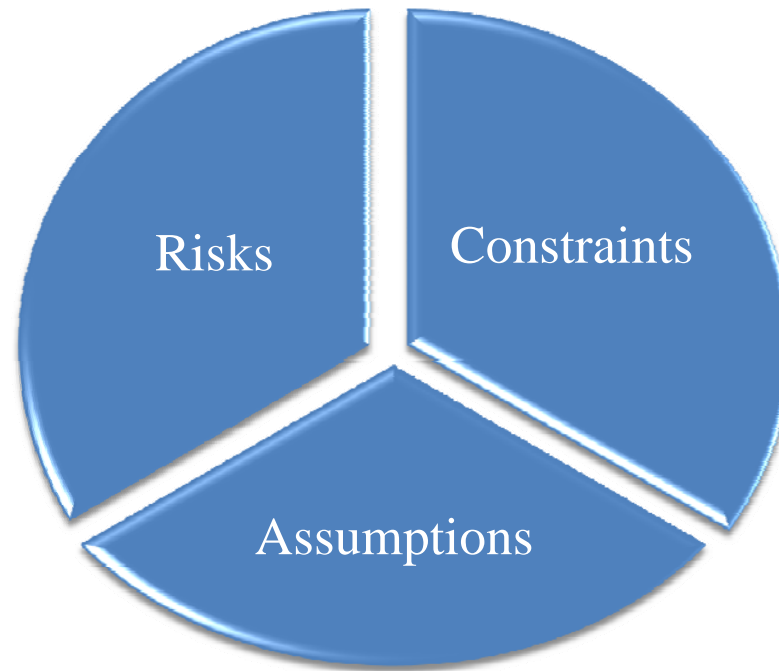
Assess Feasibility and Organizational Impacts

- Operational feasibility

- Technology/system feasibility

- Cost effectiveness feasibility

- Time feasibility

- Assess feasibility

Recommend the Most Viable Option

The typical prioritization criteria include:

- Cost of implementation

- Risk

- Damage due to unsuccessful implementation

- Volatility

- Importance

- Law

- Duration of implementation

Value Proposition Analysis

- **Strengths, Weaknesses, Opportunities, Threats (SWOT) analysis**

- **Value chain analysis**

- **Financial forecasts**

- **Options thinking**

- **Roadmapping**

- **Linkage grids**

- **Political, Economic, Social, Technological, Legal, Environmental (PESTLE) analysis**

Conduct Cost-Benefit Analysis for Recommened Option

Valuation Techniques

- Return on Investment (ROI)

- Net Present Value (NPV)

- Internal Rate of Return (IRR)

- Break-Even (B/E)

- Payback period (PP)

Knowledge and Skills

- Political and cultural awareness

- Problem solving and opportunity identification tools and techniques

- Stakeholders analysis

- Valuation tools and techniques

Exercise and Chapter 5 Posttest

Complete and Discuss:

- Keywords and definintion matching exercise (pages 69-70)

- Chapter 5 Test—Five exam-related questions in the PMI-PBA format to check your knowledge of the content presented in this chapter and check your readiness for the PMI-PBA exam (page 71)

Questions?

Thank You

Thank you for using the slides!

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